CONCERNING THE FINANCING OF PUBLIC SCHOOLS

(By summarizing the language in the bill, this does not alter the statutory language nor should it be considered legal advice in any way. For detailed language, please see the applicable section within the bill.)

ISSUE—FINANCE FORMULA

Sections 1 & 3

Calculates statewide base per pupil funding to add for inflation of 1.9%

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base per pupil funding</td>
<td>$5,843.26</td>
<td>$5,954.28</td>
</tr>
<tr>
<td>Add 1.9% inflation</td>
<td>$111.02</td>
<td></td>
</tr>
<tr>
<td>Base per pupil funding</td>
<td>$5,954.28</td>
<td></td>
</tr>
</tbody>
</table>

The bill proposes Total Program Funding is not less than $5,500,276,794 $5,505,332,024. The proposed amount will put the Statewide Average Per Pupil Funding at $6,646.21 $6,652.28. In addition to funding growth and inflation, $35 million is applied to Total Program in order to “buy down” the negative factor. Total Program amount was increased by $5 million, therefore decreasing the negative factor a bit more.

Total Program Funding takes into account inflation, growth in pupil counts including increased slots for preschool, at-risk counts, assessed valuation and specific ownership changes.

<table>
<thead>
<tr>
<th></th>
<th>Statutory Amount</th>
<th>Amount Some Districts Cannot Absorb</th>
<th>Actual Final Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Program Before Negative Factor</td>
<td>$6,514,240,501</td>
<td>-0-</td>
<td>$6,514,240,501</td>
</tr>
<tr>
<td>Negative Factor</td>
<td>($1,008,908,477)</td>
<td>$3,054,100</td>
<td>($1,005,854,377)</td>
</tr>
<tr>
<td>Total Program After Negative Factor</td>
<td>$5,505,332,024</td>
<td>$3,054,100</td>
<td>$5,508,386,124</td>
</tr>
<tr>
<td>Negative Factor Percentage</td>
<td>15.49%</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

The negative factor percentage of 15.49% results in a negative factor amount of $1,005,854,377 that districts will absorb in 2013-14. Since the negative factor is applied to the state share portion of Total Program, some districts do not have enough state share to absorb the entire negative factor. Therefore, the Actual Final Calculation for Total Program after the Negative Factor is higher than the statutory amount for Total Program.
Section 2

The bill specifies that no district shall have a funded pupil count of less than 50 pupils. This means that any district with fewer than 50 pupils will be funded for a minimum of 50 pupils.

Section 4

The bill changes the source of funding for the at-risk supplemental aid from audit recoveries to the State Public School Fund.

Section 5

The bill provides an additional $1.0 million for charter school capital construction taking the amount to a total of $7.0 million.

Section 6

*Adds funding for facility schools. Currently the funding for facility schools is 1.33 times statewide average per pupil funding. The amendment changes the funding to 1.73 times statewide base per pupil funding for pupils enrolled in facility schools.*

Section 7

Changes the funding source for the READ Act to the State Education Fund.

Section 8

Funding for the Great Teachers and Leaders Fund - $200,000 will be available for this fund from the State Education Fund. This is to support the work of the State Council for Education Effectiveness.

Section 9

Increases the appropriation for “Tier B” special education funding by $20 million. The additional funds will be from the State Education Fund.

*Adds maintenance of effort language regarding the increase in state funding. State and local expenditures shall not be reduced below the level of state and local expenditures in the preceding year.*

Section 10

The bill increases the number of CPP slots by 3,200 for a total of 23,360. The additional slots may be used to serve either a half-day or full-day of preschool through the CPP or a full-day of kindergarten through existing full-day kindergarten programs.

*Provides clarity that if a district uses a CPP position to enroll a child full-time in an existing Full-Day Kindergarten program, the district will receive the supplemental FDK funding of .08 for that student.*

*Removes the original proposal regarding expanding quality incentive program*
The bill creates, in the department and within the CPP, the expanding quality incentive program. Through the program, an eligible school district may apply to the department for a grant to obtain a school-readiness quality rating for the district's preschool program and, based on the quality rating that the district's preschool program achieves, receive a quality improvement grant that the district must use to enhance the quality of the district's preschool program.

While the bill does not currently contain an appropriation, the fiscal note assumes that $5 million will be required to fund the program. The fiscal note will be updated as more information on the costs of the program become available.

Section 11
Changes the amount of interest/income earned in the Public School Fund that is credited to the State Public School Fund.

Section 12
The introduced bill changed the amount of funding that would be transferred into the BEST program by eliminating the income from bonus payments from the Lowry Range contracts.

Section 12
The bill requires the department to contract at least one organization (vendors) to create a quality teacher recruitment program (recruitment program) for the state to recruit, select, train and retain highly qualified teachers to teach in schools and school districts in Colorado that can demonstrate historic difficulty in recruiting and retaining highly qualified teachers. $3,000,000 is appropriated for this initiative from the State Education Fund.

Section 13
Adds language that one half seventy-five percent of the amount above any reserve requirements in the State’s General Fund at the end of 2013-14 would be transferred to the State Education Fund.

Section 14 – Appropriations Section
There is in the introduced bill funding for annual stipends for any teacher who holds a certification from the national board for professional teaching or principal standards. The total appropriation of $1,339,200 will be from the state education fund.

Other appropriation changes include funding sources as noted above.